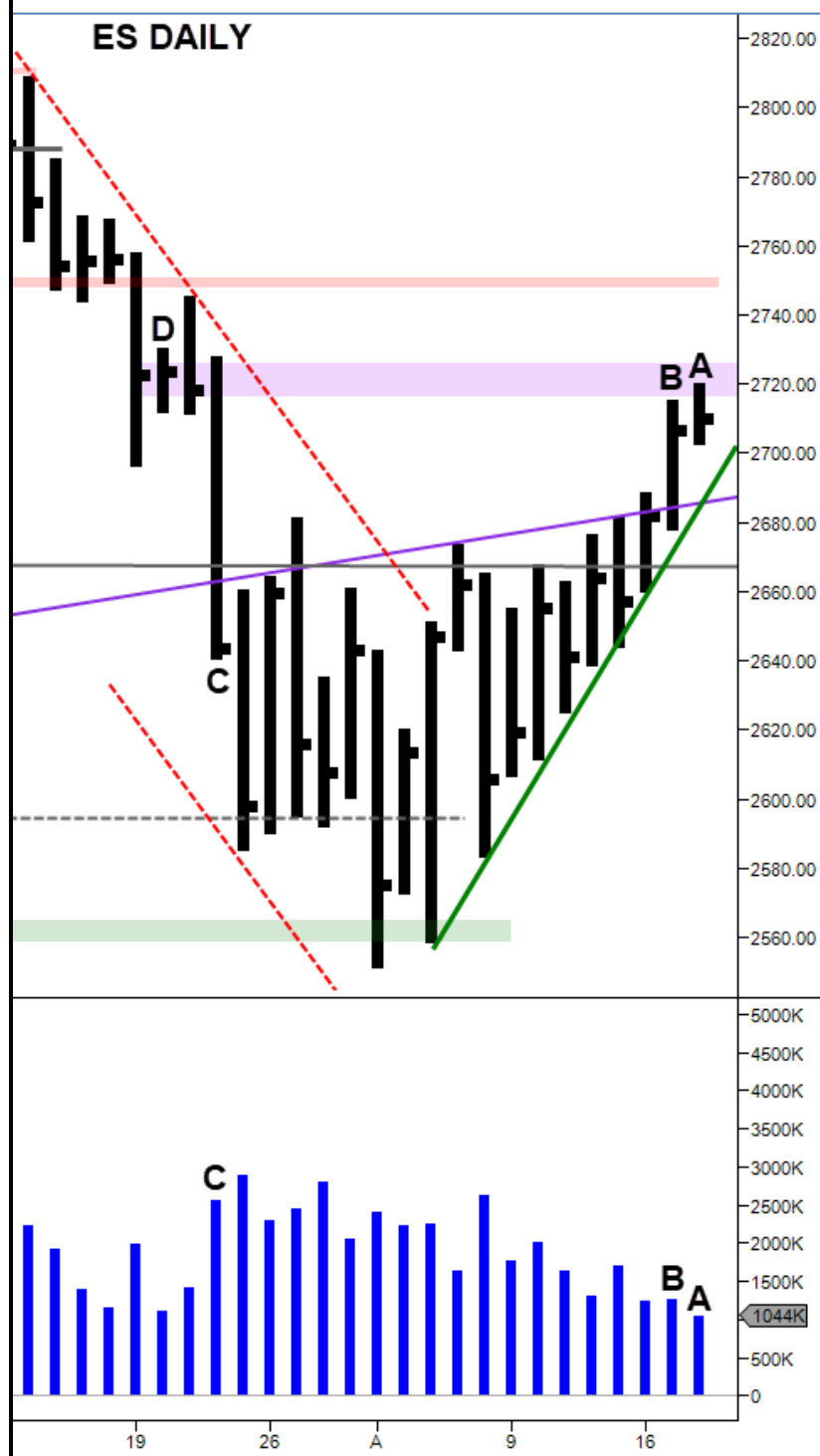


Date: 19/04/18 **Market:** ES mini **Timeframe(s):** Intraday – 5m,15m,60m,3500T

Yesterday: **HIGH:** 2718.50 **LOW:** 2703.75 **CLOSE:** 2709.75

Other levels: res:2788.00, res:2748-50.00, sup:2695.00 (demand line) sup:2686.00 (axis) sup:2668.00, sup:2594.50



The S&P's is slap bang in the middle of an 83.00 point (give or take) trading range. First thing we notice is that bar A is a small narrow bar, the smallest spread since bar D; let's dig deeper into A - It's a bearish case of Effort vs. Result. The volume is similar to the previous bar (B) yet the spread is less than half, therefore we know bar A is full of selling, it has to be otherwise we would print a wider spread. It's possible that Bar A maybe absorption, however it is contextually incorrect, there are no absorption characteristics in the background; apart from the fact we have supply to the left (wide spread down bar C). This leads us to being at a minor resistance level, as shown via the daily chart (purple opaque line) When closes cluster near daily highs and lows (as seen around bar D), it becomes an area of interest as much trading has occurred in these areas. Bar A is technically a no demand bar at resistance, but the volume although lower than the previous 2 bars, is not low enough. The fact A pop's its head above bar B with buyers unable to hold the highs before closing weak, has a negative tone. This would be classed overall as Effort vs. Result at resistance, with supply to the left (C). I am sure the astute trader has recognized that the volume associated with the attempt to break via bar A, is too low. Compare to bar C, the original break down bar. Wyckoff states "it takes equal or greater volume to break a previous area of support or resistance". Odds highly favour this level to hold, combine this with the price action, the market is primed for lower prices. No need

to consult lower timeframes, the daily analysis is crystal clear

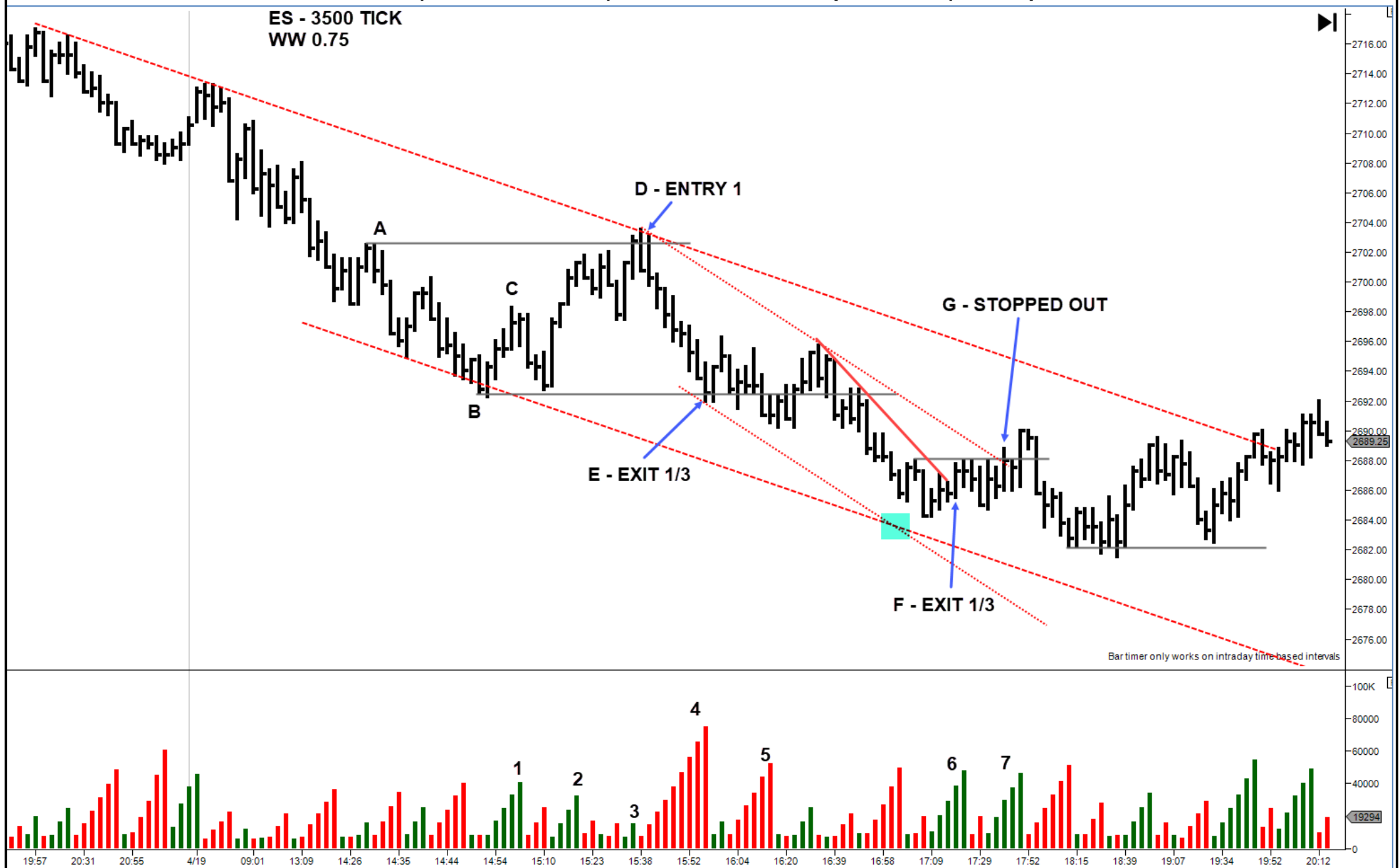
As we come into the session first thing to note is that we have a downtrend channel in play. The US opens at A, slamming down 10 points to B within the first 15m of trading (which is continuation of the downtrend) the sellers have momentum. The market halts and tries to push up to C, note the volume via 1, same volume as previous down wave yet the progress made is roughly 60%; a mild case of Effort vs. Result, there must be selling in wave 1.

The market continues to drive up higher, yet is struggling, demand volume declines as seen from waves 1, 2 and 3. Wave 3 illustrates no demand and is D, our entry, why? We have no demand at a supply confluence; one via horizontal resistance and the other a supply line via our down channel. Sellers are in control, and have the momentum, this is a weak rally with volume declining. The price is that of an upthrust, a sign of weakness itself. Having structure to lean against we can take this short play with confidence, the story of weakness is overt

Bar E – Exit 1/3, first support (+8.50 points)

Bar F – Exit 1/3, first bar to break the solid minor supply line. There are two bullish indications at work that put our shorts under pressure. The turquoise highlight shows both demand lines from our major and mini channels with price is unable to test. This we interpret as either a lack of selling pressure or that demand is emerging. Both are not favourable for shorts. Try to think logically about this behaviour contextually; the sellers have momentum yet are unable to test the demand lines from 2 channels. The behaviour is suspect, the selling pressure has ceased/drying up. This doesn't

mean we go long, we need demand to prove itself, but it does makes us cautious, we are aware of the data that the market has provided/whispered in our ear (+12.50 points)



Bar G – Stopped out. Stop was moved to a break of the minor supply line channel. We have the same reasons above, plus price has moved sideways for another hour, with demand emerging via waves 6 and 7. These are both effort vs. Result as the upside progress is minimum, however the market is hinting towards a test of the supply line, I am unwilling to give back any further profits as the move is a solid 7 points offside. (+11.25 points)

Today's trading was setup right from the get go via structure (channel) along with nice price action via the upthrust. It was a fairly difficult day, especially via the 5m chart; the only clear cut opportunity was a long play at 18:40pm (a 2 bar bottom reversal) which was later tested at 19:30pm GMT, a solid 7, 8 point trade. It can on occasion pay to use both tick charts and the 5m chart. Although if new to the method, it's highly advisable to stick with one chart format, until one gains a level of mastery before moving onto the other. Switching between the two formats can cause problems; as with tick charts we tend to focus on waves and bar charts the infamous, bar volume relationship with all its intricacies - two different styles of trading.

Summer arrived today in the UK hence the prompt finish, and departing the office early was much welcomed. Time to lock in profits and call it a day

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